September 24, 2010

CARE ASSIGNS 'CARE BB-' RATING TO THE BANK FACILITIES OF SHRI GANAPATI JILHA KRISHI AUDHYOGIK S. S. S. SOCIETY LTD. – TASGAON SAKHAR KARKHANA UNIT

Ratings

Facilities	Amount *(Rs. crore)*	Ratings[1]	Remarks
Long-term Bank Facilities	36.97	'CARE BB-' (Double B Minus)	Assigned
Total Bank Facilities	**36.97**		

Rating Rationale

The ratings are constrained by the weak financial risk profile of the Society characterised by high overall gearing vis-à-vis the small size of operations and elongated working capital cycle. The ratings are further constrained by the Society's susceptibility to the seasonality and cyclicality of sugar business, which adversely affects the credit profile of the Society being a non-integrated sugar player.

However, the ratings derive strength from the long track record of the Society of more than eight decades, experienced management and the predominant ownership by the State Government.

Improvement in the overall capital structure and ability to achieve the envisaged sales and profitability are the key rating sensitivities.

Company Profile

Shri Ganpati Zilha Krushi Audhyogik Sarva Seva Sahakari Society Ltd. (the Society) is a co-operative society operating in the Sangli district of Maharashtra. For the past 84 years, the Society has been providing various services and facilities on co-operative principles to its members, farmers, and others in the Sangli district. The Society started operating the Tasgaon Sakhar Karkhana Unit (TSKU) from sugar season (SS) 2007-08. The sugar unit has been leased by the society from Maharashtra State Co-operative Bank Ltd. As on March 31, 2010, TSKU had licensed capacity of 2,750 TCD.

[1]*Complete definition of the ratings assigned are available at www.careratings.com and in various CARE publications*

As per provisional results for FY10, the Society generated total operating income of Rs.57.57 crore with PBILDT and PAT margin of 15.54% and 9.43% respectively. The tangible networth as on March 31, 2010 was Rs.4.28 crore and the overall gearing ratio stood at 18.62x.

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CARE has classified instruments rated by it on the basis of complexity. This classification is available at www.careratings.com. Investors/market intermediaries /regulators or others are welcome to write to care@careratings.com for any clarifications.

Disclaimer

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